



BETFAIR PTY LTD

**SUBMISSION TO THE JOINT SELECT COMMITTEE ON
GAMBLING REFORM**

**INQUIRY INTO THE PREVENTION AND TREATMENT OF
PROBLEM GAMBLING**

EXECUTIVE SUMMARY

Betfair welcomes the opportunity to make this submission to the Joint Select Committee's inquiry into the prevention and treatment of problem gambling.

This submission should be read in conjunction with Betfair's previous submission to the Joint Select Committee on Gambling Reform in relation to the Committee's inquiry into the prevalence of interactive and online gambling in Australia and gambling advertising (**Main Submission**).

Betfair takes problem gambling very seriously. It is fully committed to measures to reduce the prevalence of harm from gambling addiction. The company considers itself an industry leader on harm minimisation and it's twice been named the Socially Responsible Operator of the Year (2006 and 2007) at the annual eGaming awards in the UK.

Betfair presently has in place a suite of responsible gambling measures which we believe are powerful tools in curbing problem gambling. Such measures include:

- financial limits on loss and deposits;
- self-exclusion facilities;
- intervention when problematic play is detected; and
- a dedicated consumer protection micro-site.

Our responsible gambling policy is backed by our internal policies and procedures and directly affects the way that Betfair approaches product development, marketing and our relationships with customers, regulators, policymakers and the broader community.

On a global scale, Betfair works closely with leading academics and researchers, making our databases available for public interest research that will enable the minimisation of any harm from online gambling. Current programmes include:

- Mood regulation and Internet gambling behaviour (*Oxford University*)
- Activity statements and memory in gambling (*Oxford University*)
- Predicting self-exclusion (*UK National Centre for Social Research*)
- Encouraging responsible gambling (out to tender).

The current state-based system of gambling regulation in Australia is inconsistent and there is undoubtedly a need for a more co-operative and unified framework. There are extensive disparities between the various jurisdictions and, in relation to wagering, there remains an entrenched position of favouring the state-based monopoly TABs (mostly now in private sector ownership) in circumstances that are often contrary to the promotion of responsible gambling. It is Betfair's view, given the cross-border nature of online wagering, and the disparities in State legislation across

Australia dealing with gambling, that the Commonwealth Government and States should work together through the Council of Australian Governments (**COAG**) to implement nationally consistent and harmonised legislation to address problem gambling issues in the wagering space. State gambling regulators play an integral role in promoting responsible gambling and protection of those at risk and they remain best placed to monitor and enforce this legislation.

The national framework for the prevention of problem gambling should include measures such as:

- (a) nationally consistent harm-minimisation measures implemented by all Australian wagering operators at an operator level, including the ability for customers to set their own loss and deposit limits and the ability to self-exclude from wagering services – with these measures implemented by both land based and online wagering operators;
- (b) the establishment of an Australian national database of excluded individuals to ensure that those who wish to be excluded from wagering are excluded at an operator level across the board, and not merely with certain operators;
- (c) the imposition of minimum operating standards, such as holding customer funds in trust accounts and routine audits to ensure that customer funds are protected;
- (d) mandatory compliance with recording and reporting requirements;
- (e) controls on advertising of wagering services to protect the young and the vulnerable; and
- (f) increased education and information about customers' rights as consumers the promotion of responsible gambling.

The implementation of this national framework will not, of itself, be effective in protecting Australians who choose to participate in online gambling. This is because Australian legislation cannot effectively regulate offshore gambling operators, which will continue to provide their services to Australians over the internet without adopting the key responsible gambling and consumer protection measures outlined above. Accordingly, the national framework must be accompanied by a move away from the prohibition based approach in the *Interactive Gambling Act 2001* (Cth) in order to reduce the attractiveness of offshore operators and encourage Australian customers to transact only with Australian licensed and regulated providers.

The overwhelming majority of academic opinion¹ and recent international experience strongly suggest that jurisdictions that implement a strict regulatory regime for the provision of online gambling services have been more effective in protecting consumers than those that have adopted a prohibition approach. Despite the prohibitions contained in the Unlawful Internet Gambling

¹ See, for example, McMillen 2003, Nelson et al. 2008, Griffith et al. 2008, Broda et al. 2008, Cotte and Latour 2009 & Sparrow M "Can Internet Gambling Be Effectively Regulated: Managing the Risks"
http://www.house.gov/apps/list/hearing/financialsvcs_dem/sparrow.pdf

Enforcement Act the online gambling industry in the United States remains the world's largest. A majority of European nations are now moving towards the regulation and licensing of online gambling, with Spain, Ireland and Denmark the most recent to implement a regulated and open gambling market.

Further, we reject the argument that online gambling is a more risky environment for those at risk of problem gambling. We contend that the online environment, provided that the operators are strictly regulated, affords enhanced protection to customers, by allowing customers to review their betting history and set appropriate controls and also provides responsible operators with vital insight into potential issues.

The British Gambling Prevalence Survey of 2010 found that the rate of problem gambling among the adult population had remained relatively unchanged since 2007 despite a rapid uptake in online gambling. The survey identified 0.9% of the British adult population had a gambling problem.² In an Australian context, the Productivity Commission's 2010 report into gambling concluded that there was between 80,000 and 160,000 Australians that fell within the classification of a problem gambler (between 0.5 and 1.0% of the Australian population).³ There is no evidence to suggest that the prevalence of problem gambling has increased despite the advent of online gambling.

² British Gambling Prevalence Survey 2010 - Available at:

http://www.gamblingcommission.gov.uk/research__consultations/research/bgps/bgps_2010.aspx

³ Productivity Commission Report 'Gambling' (No 50) (2010), Vol 1, p 8

ADDRESSING THE COMMITTEE'S TERMS OF REFERENCE

(a) Measures to prevent problem gambling including:

i. use and display of responsible gambling messages;

Responsible gambling messaging is an important mechanism for protecting Australians at risk of developing problems associated with gambling. Betfair includes the details of the National Gambling Helpline (www.gamblinghelpline.org.au) in all of its advertising material and customer communications.

Betfair is presently developing a range of responsible gambling messages to be targeted at vulnerable groups, identified from research conducted by NatCen (a UK based independent social research institute) on self-exclusion, to encourage the use of self-limitation tools and to make those at risk aware of responsible gambling strategies and sources of help from external agencies.

The states made compulsory the publication of responsible gambling measures when they allowed all Australian-based wagering operators to advertise, overturning anticompetitive restrictions that had applied within the sector.

Betfair agrees with this stance in-principle, but disagrees with one aspect of the approach: a number of the state-based regulators require their own specific messages to be used. This places wagering operators in the position of having to include a number of different responsible gambling messages in the same advertisement.

Accordingly, a national responsible gambling message should be adopted by the states and territories and this should be used in conjunction with the National Gambling Helpline telephone number. A uniform approach would be more effective from a harm minimisation perspective, by providing consistency of messaging across all gambling-related communications.

ii. use, access and effectiveness of other information on risky or problem gambling, including campaigns;

iii. ease of access to assistance for problem gambling.

Betfair agrees that it is crucial for responsible gambling information to be easily accessible and available to gamblers, regardless of the mode of gambling. Betfair takes positive steps to ensure that all of its responsible gambling material is made available and appropriately promoted to its customers.

Betfair globally has a webpage dedicated to the promotion of responsible gambling (<http://responsiblegambling.betfair.com>) which contains detailed information for those who

are encountering problems associated with gambling as well as concerned friends and family. The page contains videos and advice regarding setting financial limits, self-exclusion, prevention of access by minors and support mechanisms. In addition, the page provides interactive tools for customers to use to assist them in ensuring that they gamble responsibly. These tools include a gambling diary, a budget tool and self-assessment tests.

Betfair in Australia has also published its Australian-specific responsible gambling policy on its website (http://betfair.com.au/responsible_gambling). All of Betfair's betting pages, micro sites and electronic customer communications contain a link to the policy. The policy contains detailed guidance and assistance for customers in relation to:

- Betfair's commitment to responsible gambling;
- the ability for customers to set financial limits, such as loss and deposit limits;
- the self-exclusion facilities made available by Betfair;
- third-party exclusion options, whereby an individual with a close personal interest in the welfare of a customer can apply to the Tasmanian Gaming Commission seeking an order to prevent a customer from continuing to gamble;
- maintaining control of gambling habits;
- an online test in relation to the symptoms of problem gambling;
- links to a variety of responsible gambling help lines and agencies, with which Betfair has forged relationships;
- prevention of minors accessing Betfair's services; and
- links to various State responsible gambling codes of practice, with which Betfair is compliant.

(b) Measures which can encourage risky gambling behaviour, including:

i. Marketing strategies;

With the recent amendment to advertising restrictions, wagering companies are now subject to a number of state-based advertising regimes. Betfair is of the view that a uniform national advertising industry code of practice should be agreed by COAG with the input of stakeholders including wagering operators and implemented across the wagering industry.

Betfair has always ensured that its services are advertised and offered in a responsible manner. All of Betfair's advertising includes a responsible gambling message and details of the National Gambling Helpline and adheres to the various laws and industry codes which presently apply.

In May 2011, the Federal Government announced that it would take measures to reduce and control the promotion of live odds during sports broadcasts. In the first instance the Federal Government is permitting the broadcasting industry a 12 month period to establish an industry code of conduct to control this type of advertising. Betfair is committed to engaging in this process to ensure that its advertising is presented in a socially responsible manner.

We consider that regulation through the implementation of an industry-wide code of conduct is the optimal way in order to ensure that the marketing strategies of gambling operators accord with the promotion of responsible gambling.

ii. Use of inducements/incentives to gamble.

Wagering operators, like any other legal business, have the right to advertise their services responsibly. The offering of inducements is commonplace and legitimate for all types of businesses and as such, operators should be permitted to offer inducements to open a betting account - provided such offerings are responsible.

The increasing level of competition in Australia's online and offline gambling market has seen the proliferation of promotions offering "free bets" to new customers. Betfair does not believe that a free bet, of itself, encourages problem gambling, but we believe that free bets should be limited to a relatively low amount, say \$50. Any restrictions on offering inducements should not be confined to online wagering operators and must extend to all offline and cash-based wagering operators.

Gambling related inducements are regulated on a state-by-state basis and accordingly there exists inconsistency in these regulations. Betfair strongly advocates that a nationally consistent approach be taken in relation to inducement-based advertising so as to provide wagering operators with a clear, simple and consistent framework in which to operate.

In this respect it is important to recognise that a prohibition based approach to inducements/incentives will increase the attractiveness of offshore, unregulated gambling websites to Australian consumers. These operators will continue to ignore the Australian regulatory requirements and in doing so will be able to offer a more attractive compelling product to Australian customers. As we have previously made clear, it is of vital importance that Australian consumers transact with Australian regulated and licensed operators so as to ensure that the appropriate consumer protection and responsible gambling measures are in place.

(c) Early intervention strategies and training of staff;

Betfair believes that the mechanisms in place for online, account-based betting are an effective method in detecting early signs of problem gambling. New technology has the capacity to assist in targeting and addressing problem gambling and has the ability to monitor betting patterns which may assist in the identification of any problem gambling behaviours.

Betfair's parent company in the United Kingdom is currently working with the National Centre for Social Research to develop an in-depth understanding of vulnerable wagering customers

who choose to access Betfair's self-exclusion facilities.⁴ This research aims to develop a profile and identify markers of potentially vulnerable customers to assist Betfair's customer-facing staff to make an early intervention. When any of the triggers are hit, staff will be prompted to provide educational information and assistance to customers to ensure that appropriate treatment can be administered and the customer is not left in a position where no assistance is forthcoming.

All of Betfair's Australian employees undertake a nationally accredited Responsible Gambling Services Course on commencement of their employment and attend a refresher course every 24 months. Betfair has always provided this training to all staff, not merely customer-facing staff (as has been the strict legal requirement). The training assists participants to develop the skills and knowledge required to detect, and if necessary assist, a problem gambler. Wagering operators must provide regular training of their staff as they are the front line in being able to detect and refer potential problem gamblers for expert assistance.

(d) Methods currently used to treat problem gamblers and the level of knowledge and use of them, including:

- i. Counselling, including issues for counsellors;**
- ii. Education;**
- iii. Self-exclusion.**

Betfair offers its customers a variety of tools to limit their gambling activities and these form a key element of Betfair's responsible gambling program. Approximately 12 per cent of Betfair's active Australian customers have accessed at least one of the site's responsible gambling mechanisms since opening their account.

Betfair's global director of Corporate Responsibility is currently working with a group of developers and clinical psychologists in Sweden on a fully interactive on-line treatment resource that will be made available on links from Betfair platforms. It will be independently evaluated and tested for its clinical efficacy by the UK National Problem Gambling Clinic.

This resource will be particularly important for two reasons:

- a) the percentage of problem gamblers who actually seek treatment is notoriously low (less than five per cent) and therefore we hope that by being able to click through in a totally anonymous way from gambling websites, more problem gamblers can be treated. The results for remotely-delivered and interactive forms of therapy are very promising in other areas of mental health (depression, anxiety, phobias etc.) and are showing good outcomes as regards online gambling in clinical evaluations.

⁴ <http://views.betfair.com/2011/06/research-partnerships-help-betfair-take-player-protection-to-top-of-the-league/>

- b) there are many jurisdictions now opening up to on-line gambling that have very few addiction or mental health resources available to their populations, especially in rural areas. Governments have a responsibility towards their citizens in opening up gambling markets, but few do anything about this. Industry, in partnership with clinicians and technologists can provide solutions to this problem.

The Betfair website has a suite of measures in place to deal with problem gambling. They include the ability for customers to elect to impose loss limits and deposit limits on a daily, weekly or monthly basis. Customers are also offered the option of excluding themselves from betting for a set period of time or a third party can apply to Betfair's regulator the Tasmanian Gaming Commission to exclude a customer from the site. The minimum period for self-exclusion is six months, but customers are free to set their own, longer periods of exclusion. Customer accounts can be reactivated only after an 'exclusion review' is conducted by Betfair. Betfair's website maintains links to relevant responsible gambling websites across Australia as well as the National Gambling Helpline. In addition, all of Betfair's print and online advertising contains responsible gambling messages and the gambling helpline telephone numbers.

It is vitally important that, once a gambler has requested to be excluded from wagering, such exclusion applies across all wagering services and operators - otherwise those excluded gamblers will simply be able to change service or operator in order to continue gambling. Betfair would support a national register of customers (subject to appropriate privacy controls) who have self-excluded from one wagering operator which would enable all wagering operators to exclude customers from their services by utilising the information from the database. Such a database could be maintained by a central federal body such as ACMA or alternatively by each of the state based gambling regulators.

The implementation of a nationally-consistent suite of responsible gambling tools at an operator level for customers engaging in wagering will have significant benefits for problem gamblers in Australia. However, these will have only a limited practical impact in the online space because the vast majority of offshore gambling websites that are available to Australian residents (those that are licensed outside of Australia) will not offer those facilities to Australians. It is therefore vital from a responsible gambling and consumer protection perspective that Australians who choose to participate in online gambling are encouraged to use Australian licensed and regulated operators and that prohibitive regulation that currently sees them elect to wager with unregulated offshore providers is removed.

(e) data collection and evaluation issues;

No comment.

(f) Gambling policy research and evaluation;

Betfair is committed to assisting the conduct of further and more relevant research, in particular in relation to online gambling, in order to develop effective methods by which problem gambling can

be addressed and responsible gambling on properly regulated online products can be promoted (such as Betfair's participation in the UK National Centre for Social Research project outlined previously in this submission).

However, Betfair is of the view that there is now sufficient domestic and international research available that provides evidence for the importance of implementing a regulatory framework that:

- (a) mandates a minimum set of harm minimisation measures for Australian online gambling operators (in accordance with the national framework for responsible gambling that we have outlined above); and
- (b) moves from the prohibition based approach in the *Interactive Gambling Act 2001* (Cth) towards the regulation of online gambling in Australia to reduce the attractiveness of offshore operators and encourages Australian customers to transact only with Australian licensed and regulated websites. This is essential to ensure that the national framework for responsible gambling is effective.

Betfair urges government to act swiftly on this issue rather than unnecessarily delay the implementation of meaningful reform.

As the Productivity Commission found, the unregulated Australian gambling market was worth in excess of \$800 million in 2009 and it is estimated that up to 700,000 Australians participate in online gambling despite the prohibitions contained in the IGA.⁵ We below detail some of the research that underpins these recommendations.

Dr Sally Gainsbury's recent research⁶ advocated a range of harm minimisation measures for online gamblers, including the facilitation of self-exclusion across multiple operators, availability of player activity statements, the ability to set financial limits and the offering of online counselling to those who are concerned about their gambling. Betfair considers that the conclusions drawn in this research paper should form the basis of the national framework for responsible gambling. The vast majority of international research in this field has concluded that regulation of the online gambling market, which incorporates strict harm minimisation measures, is preferable to prohibition.⁷ The combination of a thoughtful regulatory regime with education, technology tools and support is widely advocated as the most effective means of handling the realities and risks of online gambling.⁸

The Productivity Commission also recommended the "managed liberalisation" of the online gambling market in Australia on the grounds that:

⁵ Productivity Commission, Vol1, p8

⁶ Gainsbury, S (with Nerilee Hing, Alex Blaszczynski, and Robert Wood), *'An Investigation of internet gambling in Australia'* School of Tourism and Hospitality Management (2011).

⁷ See, for example, McMillen 2003, Nelson et al. 2008, Griffith et al. 2008, Broda et al. 2008, Cotte and Latour 2009

⁸ Sparrow, M. 'Can Internet Gambling Be Effectively Regulated? Managing The Risks' (December 2009), p62

...regulated access to domestic or licensed overseas online providers, rather than prohibition, has potential benefits. It could achieve many of the benefits of online gambling to consumers, while diverting consumers away from unsafe sites to ones that met stringent probity and consumer safety standards — thus reducing the risks of harms to online gamblers.⁹

In an international context, PricewaterhouseCoopers was commissioned by Betfair to conduct research into the online sports betting market in Germany.¹⁰ This research found that placing restrictions on an online gambling market (for example, by limiting customer stakes or prohibiting certain forms of betting) is expected to materially lower “absorption rates”, thereby greatly reducing the impact of measures implemented by regulated operators and governments designed to protect players.¹¹ The imposition of prohibitions will exclude a significant proportion of gamblers from the regulated market, with these players’ activity likely to continue in unregulated markets.¹²

As to the issue of whether an increase in the types of gambling available (particularly in-play betting) will have consequences on the prevalence of problem gambling in Australia, the UK Gambling Commission’s 2009 report found that there is no evidence that online in-play sports betting poses a “specific, identifiable risk to problem gambling as opposed to other forms of betting or online gambling.”¹³ This study should provide the Committee with considerable confidence that the removal of the prohibition on online in-play betting does not pose any heightened risks to the Australian public from a problem gambling perspective.

Finally, we note that the academic and professional research has been accepted and actioned by a number of international gambling regulators. In recent submissions to the Joint Select Committee on Gambling Reform, the UK Gambling Commission stated that regulation of online gambling is not only possible, but essential if gambling is to be kept free of crime, fair and open and the young and vulnerable protected.¹⁴ The Alderney Gambling Control Commission submitted that robust, enlightened and active regulation that is responsible to a changing industry is the key to minimising the harms associated with online gambling.¹⁵

⁹ Productivity Commission, Vol 1, p35

¹⁰ PricewaterhouseCoopers ‘Taxation and online sports betting in Germany’ (October 2011)

¹¹ Ibid, p4

¹² Ibid

¹³ Gambling Commission (UK): ‘In Running (in-play) Betting: Position Paper’ (March 2009). Available at: <http://www.gamblingcommission.gov.uk/pdf/In-running%20betting%20position%20paper%20%20March%202009.pdf>, p8

¹⁴ Gambling Commission (UK): Submission to the JSCGR, p14

¹⁵ Alderney Gambling Control Commission: Submission to the JSCGR, Attachment 1, p2